

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §

COUNTY OF BROWN §

We, the undersigned officers of the Brown County, Texas (the "County"), hereby certify as follows:

The Brown County Judge and County Commissioners (the "Commissioners' Court") convened in REGULAR MEETING ON THE 10TH DAY OF MAY, 2021, at the designated meeting place, and the roll was called of the duly constituted officers and members of the Commissioners' Court, to wit:

Dr. Paul Lilly	County Judge
Gary Worley	Commissioner, Precinct No. 1
Joel Kelton	Commissioner, Precinct No. 2
Wayne Shaw	Commissioner, Precinct No. 3
Larry Traweek	Commissioner, Precinct No. 4

and all of said persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

RESOLUTION APPROVING A LEASE-PURCHASE AGREEMENT AND A PROMISSORY NOTES AND SECURITY AGREEMENT FOR THE PURPOSE OF ACQUIRING PERSONAL PROPERTY FOR COUNTY USE, PROVIDING FOR THE TERM AND SECURITY GRANTED TO SECURE SUCH FINANCING; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for the consideration of the Commissioners' Court. It was then duly moved and seconded that the Resolution be adopted and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

AYES: All members of the Commissioners' Court shown present above voted "Aye," except as shown below:

NOES: _____

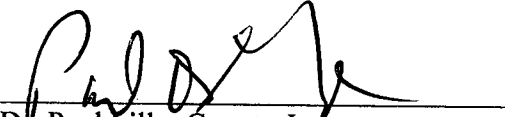
ABSTAIN: _____

May 10, 2021
(Exhibit #9)

2. That a true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Resolution has been duly recorded in the minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the minutes of the Meeting pertaining to the adoption of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Commissioners' Court as indicated therein; that each of the officers and members of the Commissioners' Court was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that the Resolution would be introduced and considered for adoption at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose, and that the Meeting was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by the Texas Government Code.

3. That the County Judge (or a Commissioner acting in the absence of the County Judge) has approved and hereby approves the aforesaid Resolution; and that the County Judge (or a Commissioner acting in the absence of the County Judge) hereby declares that the signing of this Certificate shall constitute the signing of the attached and following copy of the Resolution for all purposes.

SIGNED this, the 10th day of May, 2021.


Dr. Paul Lilly, County Judge

**RESOLUTION APPROVING LEASE-PURCHASE AGREEMENT AND
PROMISSORY NOTES AND SECURITY AGREEMENT FOR THE PURPOSE
OF ACQUIRING PERSONAL PROPERTY FOR COUNTY USE**

WHEREAS, Brown County, Texas (the "County") is authorized to enter into lease-purchase agreements in accordance with the authority of the Texas Personal Property Finance Act, Subchapter A of Chapter 271, Texas Local Government Code (the "Act"), to finance items of personal property used by the County; and

WHEREAS, in accordance with the terms of the County's agreement with Texas Bank, Brownwood (the "Bank"), the Bank has agreed to enter into a lease-purchase agreement with the County (the "Lease-Purchase Agreement") to finance equipment for use by first responders employed by the County as more fully set out in the Lease-Purchase Agreement ; and

WHEREAS, the obligations of the County under the Lease-Purchase Agreement shall be evidenced by a promissory note (the "Promissory Note") and a security agreement (the "Security Agreement") delivered to the Bank by the County; and

WHEREAS, this Commissioners' Court finds and determines that it is necessary and appropriate to approve this Resolution for the purpose of approving the lease-purchase agreement hereinabove described; Now, Therefore

BE IT RESOLVED BY THE BROWN COUNTY COMMISSIONERS COURT:

Section 1. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. This Resolution shall be effective immediately upon adoption.

Section 2. The Commissioners Court hereby approves the acquisition of equipment for use by County departments, as more specifically described in the Lease-Purchase Agreement attached hereto as Exhibit A, and, moreover, the Commissioners' Court approves the terms of the Lease-Purchase Agreement and the terms of the Promissory Note and Security Agreement attached hereto as Exhibit B to be delivered to the Bank to evidence and secure the payment of the lease payments in accordance with the terms of the Lease-Purchase Agreement.

Section 3. The County Judge (or a Commissioner acting in the absence of the County Judge) and all other officers, employees and agents of the County, and each of them, shall be and are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to carry out the terms and provisions of this Resolution. In particular, the Commissioner's Court hereby approves the Lease-Purchase Agreement by authorizing the County Judge (or a Commissioner in the absence of the County Judge), to sign the Lease - Purchase Agreement, Promissory Note and the Security Agreement, and, upon execution to deliver such documentation to the Bank as the act of the County Council.

EXHIBIT A

LEASE-PURCHASE AGREEMENT

	Amount financed:
700 MHz Radio System from Lower Colorado River Authority	\$2,074,158.00

EXHIBIT B
SECURITY AGREEMENT

See documents attached.

LEASE-PURCHASE AGREEMENT

Identifying Information:

Equipment description: 700 MHz Radio System from Lower Colorado River Authority
Date equipment purchased: September 14, 2020
Amount of equipment purchase: \$2,074,158.00
Date funds borrowed: May 10, 2021
Amount borrowed: \$2,074,158.00
Term of note: Five years
Quarterly payment: \$108,285.36
Number of payments: 20
Date of last regular payment on note: 07/01/2021
Buyback amount (if any): N/A
Date of buyback (if any): N/A
Date of balloon payment on note (if any): N/A

THIS LEASE-PURCHASE AGREEMENT (hereinafter referred to as "Agreement") by and between Texas Bank Brownwood, a Texas banking institution (hereinafter referred to as "Lessor"), and Brown County, Texas, a political subdivision of the State of Texas (hereinafter referred to as "Lessee").

WITNESSETH:

In consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree as follows:

1. TERM AND PAYMENTS. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, the property described in Exhibit A hereto (hereinafter, with all replacement parts, substitutions, proceeds, increases, additions, accessions, repairs and accessories incorporated therein or affixed thereto referred to as the "Property") for the amounts to be paid in the installments and on the dates set forth in Exhibit B hereto. The term of the lease hereunder shall commence upon the acceptance of possession of the Property by Lessee (or acceptance by Lessee of delivery of the first item of Property if this Agreement involves multiple items of Property) and shall continue until the last date shown on Exhibit B.

2. TAXES. In addition to the payments to be made pursuant to Paragraph 1 hereof, Lessee agrees to indemnify and hold Lessor harmless from and against and to pay Lessor, as additional rent, on demand an amount equal to all license, assessments, sales, use, real or personal property, gross receipts or other taxes, levies, imposts, duties or charges, if any, together with any penalties, fines or interest thereon imposed against or on Lessor, Lessee or the Property by any governmental authority upon or with respect to the Property or the purchase, ownership, rental, possession, operation, return or sale of, or receipt of payments for, the Property, except any Federal or state income taxes, if any, payable by Lessor. Lessee may contest any such taxes

prior to payment provided such contest does not involve any risk of sale, forfeiture or loss of Property or any interest therein.

3. **LESSEE'S COVENANTS AND REPRESENTATIONS.** Lessee covenants and represents as follows:

(a) Lessee has full power and authority under the Public Property Finance Act to enter into this Agreement which has been duly authorized, executed, and delivered by Lessee and is a valid and binding obligation of Lessee enforceable in accordance with its terms and all requirements for execution, delivery and performance of this Agreement have been, or will be, complied with in a timely manner;

(b) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization or performance of or expenditure of funds pursuant to this Agreement;

(c) Information supplied and statements made by Lessee in any financial statement or current budget prior to or contemporaneously with this Agreement are true and correct;

(d) Lessee has immediate need for, and expects to make immediate use of, substantially all the Property, which need is not temporary or expected to diminish in the foreseeable future; specifically, Lessee will not give priority or parity in the appropriation of funds for the acquisition or use of any additional property for purposes or functions similar to the Property's which additional property would be used in lieu of the Property;

4. **USE AND LICENSES.** Lessee shall pay and discharge all operating expenses and shall the Property to be operated by competent persons only. Lessee shall use the Property only for its proper purposes and will not install, use, operate or maintain the Property improperly, carelessly, or in violation of any applicable law, ordinance, rule or regulation of any governmental authority, or in a manner contrary to the nature of the Property or the use contemplated by its manufacturer. Lessee shall keep the Property at the location stated on the Certificate of Acceptance executed by Lessee upon delivery of the Property, until Lessor in writing permits its removal and the Property shall be used solely in the conduct of the Lessee's operations. Lessee shall obtain, at its expense, all registrations, permits and licenses, if any, required by law for the installation and operation of the Property. License plates used on any portion of the Property shall be issued in the name of the Lessee. If a certificate of title is issuable with respect to the Property, it shall be delivered to the Lessor showing the interest of the Lessor.

5. **MAINTENANCE.** Lessor shall not be obligated to make any repairs or replacements. At its own expense, Lessee shall service, repair and maintain the Property in as good condition, repair, appearance and working order as when delivered to Lessee hereunder, ordinary wear and tear from proper use alone excepted, and shall replace any and all parts thereof which may from time to time become worn out, lost, stolen, destroyed, or damaged beyond repair or rendered unfit for intended use, for any reason whatsoever, all of which replacements shall be free clear of

all liens, encumbrances and claims of others, and shall become part of the Property and subject to this Agreement. Lessor may, at its option, discharge such costs expenses and insurance premiums necessary for the repair, maintenance, and preservation of the Property and all sums so expended shall be due from Lessee in addition to rental payments hereunder.

6. ALTERATIONS. (a) Lessee may, at its own expense, install or place in or on, or attach or affix to, the Property, such equipment or accessories as may be necessary or convenient to the use of the Property for its intended purposes provided that such equipment or accessories do not impair the value or utility of the Property. All such equipment and accessories shall be removed by Lessee upon termination of this Agreement, provided that any resulting damage shall be repaired at Lessee's expense. Any such equipment or accessories not removed shall become the property of Lessor.

(b) Without the written consent of Lessor, Lessee shall not make any other alterations, modifications or improvements to the Property except as required or permitted hereunder. Any other alterations, or improvements the Property shall immediately become part of the Property, subject to the provisions hereof. Without the prior written consent of Lessor, Lessee shall not affix or attach any of the Property to any real property. The Property shall remain personal property regardless of whether it becomes affixed or attached to real property or permanently rests upon any real property or any improvement thereon.

7. LIENS. Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, security interest, pledge, lien, charge, encumbrance or claim on or with respect to the Property, title thereto, or any interest therein, except the respective rights of Lessor and Lessee hereunder.

8. DAMAGE TO OR DESTRUCTION OF PROPERTY. Lessee shall bear the entire risk of loss, damage, theft, or destruction of the Property from any and every cause whatsoever and no loss, damage, destruction or other event shall release Lessee from the obligation to pay the full amount of the rental payments or from any other obligation under this Agreement.

(a) In the event that all or any part of the Property is lost, stolen, destroyed or damaged beyond repair, Lessee shall replace the same with like property in good repair of like value at Lessee's sole cost and expense as soon thereafter as possible and any such replacement shall become subject to this Agreement. Insurance proceeds received by Lessor with respect to any such casualty shall be paid to Lessee if such Property is replaced by Lessee as required hereunder.

(b) If Lessee fails to replace such Property as required, Lessor may at its option terminate this as to that part of the Property lost, stolen, destroyed or damaged beyond repair and recover from Lessee the amount of the unpaid principal balance applicable to Property lost, stolen, destroyed or damaged beyond repair as of the last date on which a payment was made pursuant to Paragraph 1 hereof, together with interest thereon at the rate specified in Exhibit B from such payment date to the date of such termination, and less insurance proceeds received retained by Lessor hereunder. If Lessor exercises its option hereunder, the principal portion of

the payments required to be made thereafter by Lessee pursuant to Paragraph 1 and the subsequent Option to Purchase Values set forth in Exhibit B shall be reduced in the proportion which the original cash sale price of the part of the Property lost, stolen, destroyed or damaged beyond repair bore to the aggregate original cash sale price of the Property described in Exhibit A.

9. **INSURANCE.** Lessee shall, for the term of this Agreement, at its own expense, maintain comprehensive liability insurance with respect to the Property insuring against such risks and in such amounts as are customary for lessees of property of a character similar to the Property. In addition, Lessee shall, for the term of this Agreement, at its own expense maintain casualty insurance with respect to the Property, insuring against customary risks with coverage at all times not less than the amount of the unpaid principal portion of the payments required to be made pursuant to Paragraph 1 as of the last-preceding payment date specified Exhibit B on which a payment was made. All insurance policies shall be with insurers authorized to do business in the state where the Property is located and shall name both Lessor and Lessee as insureds as their respective interests may appear. Insurance proceeds from casualty losses shall be payable solely to the Lessor, subject to the provisions of Paragraph 8. Lessee shall, upon request, deliver to Lessor evidence of the required coverages together with premium receipts and each insurer shall agree to give Lessor written notice of nonpayment of any premium due and ten (10) days' notice prior to cancellation or alteration of any such policy. Lessee shall also carry and require any other person or entity working on, in or about the Property to carry workmen's compensation insurance covering employees working on, in or about the Property. In the event Lessee fails, for any reason, to comply with the requirements of this Paragraph, to the extent it lawfully may, Lessee shall indemnify and save harmless, and, at Lessee's expense, defend Lessor and its agents, employees, officers and directors and the Property against all risk of loss not covered by insurance.

10. **INDEMNIFICATION.** To the extent it lawfully may, Lessee shall indemnify and save harmless Lessor its agents, employees, officers and directors from and, at Lessee's expense, defend Lessor and its agents, employees, officers and directors against all liability, obligations, losses, damages, penalties, claims, actions, costs and expenses (including but not limited to reasonable attorney's fees) of whatsoever kind or nature which in way relate to or arise out of this Agreement or the ownership, rental, possession, operation, condition, sale or return of the Property. All amount which become due from Lessee under this Paragraph 10 shall be credited with any amounts received by the Lessor from insurances provided by the Lessee and shall be payable by Lessee within thirty (30) days following demand therefore by Lessor and shall survive the termination or expiration of this Agreement.

11. No warranty, except for representations, warranties and service agreements relating to the property made or entered into by the manufacturers or suppliers of the property, all of which are hereby assigned to lessee, lessor has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the property described in Exhibit A for any particular purpose or the conformity of the property to specifications or purchase order, its design, delivery, installation or operation. All such risks shall be borne by Lessee without in any way excusing

Lessee from its obligations under this Agreement and Lessor shall not be liable to Lessee for any damages on account of such risks. All claims or actions on any warranty so assigned shall be made or prosecuted by at its sole expense, upon prior written notice to Lessor may, but shall have no obligation whatsoever to, participate in such claim or on such warranty, at Lessor's expense. Any recovery under such a warranty shall be made payable jointly to Lessee and Lessor.

12. **OPTION TO PURCHASE.** Lessee has complied with the terms and conditions of this Agreement, Lessee shall have the option to purchase not less than all of the Property which is then subject to this Agreement "as is" at the payment date and for the Option to Purchase Values set forth in Exhibit B or such adjusted Option to Purchase Value as may have been determined in accordance with Paragraph 8 hereof by giving written notice to Lessor not less than sixty (60) days prior to the date specified in Exhibit B for the exercise of such option; provided that upon Lessee's timely payment of all payments specified in Exhibit B and the Final Purchase Option Price, Lessee shall be deemed to have properly exercised its option to purchase the Property and shall be deemed to have acquired all of Lessor's right, title and interest in and to the Property, free of any lien, encumbrance or security interest except such liens, encumbrances or security interests as may be created, or permitted and not discharged, by Lessee but without other warranties. Payment of the applicable Option to Purchase Value shall occur on the applicable purchase date specified in Exhibit B hereto at which time Lessor shall, unless not required hereunder, deliver to Lessee a quitclaim bill of sale transferring Lessor's interest in the Property to Lessee free from any lien, encumbrance or security interests except such as may be created, or permitted and not discharged, by Lessee but without other warranties. Upon Lessee's actual or constructive payment of the Option to Purchase Value and Lessor's actual or constructive delivery of a quitclaim bill of sale covering the Property, this Agreement shall terminate except as to obligations or liabilities accruing hereunder prior to such termination.

13. **DEFAULT AND LESSOR'S REMEDIES.** (a) The occurrence of one or more of the following events shall constitute an Event of Default, whether occurring voluntarily or involuntarily, by operation of law or pursuant to any order of any court or governmental agency:

(1) Lessee's failure to make any payment required hereunder when due or within ten (10) days thereafter;

(2) Lessee's failure to comply with any other covenant, condition or agreement Lessee hereunder for a period of ten (10) days after notice thereof;

(3) Any representation or warranty made by Lessee hereunder shall be untrue in any material respect as of the date made;

(4) Lessee shall make, permit or suffer any unauthorized assignment, transfer or other disposition of this Agreement or any interest herein, or any part of the Property or any interest therein; or

(5) Lessee becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee,

receiver or custodian for the Lessee or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for Lessee or a substantial part of its property and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against Lessee and, if instituted against Lessee, is consented to or acquiesced in by Lessee or is not dismissed within sixty (60) days.

(b) Upon the occurrence of any Event of Default specified herein Lessor may in its sole discretion exercise any or all of the following remedies:

(1) Enforce this Agreement by appropriate action to collect amounts due or to become due hereunder, by acceleration or otherwise, or to cause Lessee to perform its other obligations hereunder in which event Lessee shall be liable for all costs and expenses incurred by Lessor;

(2) Take possession of the Property, without demand or notice and without court order or any process of law, and remove and relet the same for Lessee's account, in which event Lessee waives any and all damages resulting therefrom and shall be liable for all costs and expenses incurred by Lessor in connection therewith and the difference, if any, between the amounts to be paid pursuant to Paragraph 1 hereof and the amounts received and to be received by Lessor in connection with any such reletting;

(3) Terminate this Agreement and repossess the Property, in which event Lessee shall be liable for any amounts payable hereunder through the date of such termination and all costs and expenses incurred by Lessor in connection therewith

(4) Sell the Property or any portion thereof for Lessor's account at public or private sale, for cash or credit, without demand on or notice to Lessee of Lessor's intention to do so, or relet the Property for a term and a rental which may be equal to, greater than or less than the rental and term provided herein. If the proceeds from any such sale or rental payments received under a new agreement made for the periods prior to the expiration of this Agreement are less than the sum of (i) the costs of such repossession, sale, relocation, storage, reconditioning, reletting and re-installation (including but not limited to reasonable attorney's fees), (ii) the unpaid principal balance due for the Lessee's current Fiscal Year as shown on Exhibit B as of the last preceding payment date and (iii) any past due amounts hereunder (plus interest on such unpaid principal balance at the rate specified in Exhibit B and interest on such past due amounts at the rate specified in Paragraph 18 hereof, prorated to the date of such sale), all of which shall be paid to Lessor, Lessor shall retain all such proceeds and Lessee shall remain liable for any deficiency; or

(5) Pursue and exercise any other remedy available at law or in equity, in which event Lessee be liable for any and all costs and expenses incurred by Lessor in connection therewith. "Costs and expenses", as that term is used in this Paragraph 13, shall mean to the extent allowed by law: (i) reasonable attorneys' fees if this Lease is

referred for collection to an attorney, not a salaried employee of Lessor or the holder of this Agreement; (ii) court costs and disbursements including such costs in the event of any action necessary to secure possession of the Property and (iii) actual reasonable out-of-pocket expenses" incurred in connection with any repossession or foreclosure, including cost of storing, reconditioning and reselling the Property, subject to the standards of good faith and commercial reasonableness set by the applicable Uniform Commercial Code. Lessee waives all rights under all exemption laws.

(6) Notwithstanding any other provision herein that may specify to the contrary, in the event of an Event of Default, the remedy of acceleration of payments shall not be available to Lessor, but in lieu thereof, Lessor may exercise any other remedy with respect to the Property and may proceed against the Lessee for the purpose of protecting and enforcing the rights of the Lessor under this Agreement, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein.

(7) Notwithstanding anything herein to the contrary, in the event the Lessor exercises a remedy with respect to the Property or to enforce the obligation of the Lessee to levy ad valorem taxes in accordance with Section 20(b), the Lessor's remedy shall be limited to the amounts due hereunder and the existence of the two security interests in the Property and the tax revenues pledged hereunder shall not give rise to the right of any obligation by the Lessee to make, or right of the Lessor to receive, payment over and above the amount agreed to herein.

14. **TERMINATION.** Unless Lessee has properly exercised its option to purchase pursuant to Paragraph 12 hereof, Lessee shall, upon the expiration of the term of this Agreement pursuant to Paragraph 13 hereof, deliver the Property to Lessor unencumbered and in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear resulting from proper use alone excepted, by loading the Property, at Lessee's sole expense, on such carrier, or delivering the Property to such location, as Lessor shall provide or designate at or within a reasonable distance from the general location of the Property. If Lessee fails to deliver the Property to Lessor, as provided in this Paragraph 14, on or before the date of termination of this Agreement, Lessee shall pay to Lessor upon demand, for the hold-over period, a portion of the total payment for the applicable period as set forth in Exhibit B prorated from the date of termination of this Agreement to the date Lessee either redelivers the Property to Lessor or Lessor repossesses the Property. Lessee hereby waives any right which it now has or which may be acquired or conferred upon it by any law or order of any court or other governmental authority to terminate this Agreement or its obligations hereunder, except in accordance with the express provisions hereof.

15. **ASSIGNMENT SUBLEASE.** (a) Without the prior written consent of Lessor, Lessee shall not (i) assign, transfer, pledge or hypothecate or otherwise dispose of this Agreement, the Property, or any part thereof or any interest therein, (ii) sublet the Property or

any part thereof, or (iii) permit the Property to be used for any purpose not permitted by Paragraph 4 hereof.

(b) Lessor shall be entitled with or without-notice to, or the consent of, Lessee to sell, assign or transfer all or any part of its right, title and interest in, to and under this Agreement (including without limitation, rights in the Property and all payments of any kind due or which are to become due to Lessor hereunder) any such purchaser(s), assignee(s) or transferee(s) shall thereafter (jointly, if more than one) be deemed to be the Lessor hereunder, except that Lessor and Lessee agree and acknowledge that any such purchaser(s), assignee(s) or transferee(s) will have made no representation or warranty, and therefore will assume no obligation, with respect to the title, merchantability, condition, quality or fitness of the Property for any particular purpose, or for the enforcement of any warranties or service agreement made or assigned to Lessee by the initial Lessor named herein. Upon Lessee's receipt of written notice of Lessor's sale, assignment or transfer of all or any part of its interest hereunder, Lessee agrees to attorn to and recognize any such purchaser(s), assignee(s) or transferee(s) (jointly, if more than one) as the Lessor(s) under this Agreement. Upon written request Lessee agrees to execute and deliver such certificates or other instruments as may reasonably be requested, including, but not limited to, a separate acknowledgement of assignment and attornment certificate in the customary form as to any purchaser's, assignee's or transferee's right, title and interest in, to and under this Agreement, the Property and the payments thereafter due and payable pursuant to this Agreement.

16. PERSONAL PROPERTY. The Property is and shall at all times be and remain personal property and shall never become a "fixture" as that term is defined by Texas law.

17. LESSOR'S RIGHT TO PERFORM FOR LESSEE. If Lessee fails to make any payment or perform or comply with any of its covenants or obligations hereunder, Lessor may, but shall not be required to, make such payment or perform or comply with such covenants and obligations on behalf of Lessee and the amount of any such payment and the expenses (including but not limited to reasonable attorneys' fees) incurred by Lessor in performing or complying with such covenants and obligations, as the case may be, together with interest therein at the highest lawful rate, shall be payable by Lessee upon demand.

18. INTEREST ON DEFAULT. If Lessee fails to pay any payments specified in Paragraph 1 hereof within ten (10) days after the due date thereof, Lessee shall pay to Lessor interest on such delinquent payment from the due date until paid at the highest lawful rate.

19. NOTICES. Any notices to be given or to be served upon any party hereto, in connection with this Agreement must be in writing and may be given by certified or mail, and shall be deemed to have been given and received forty-eight (48) hours after registered or certified letter containing such notice, postage prepaid, is deposited in the United States mail, and if given otherwise shall be deemed to have been given when delivered to and received by the party to whom it is addressed. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Agreement or at such other address as either party may hereafter designate.

20. SECURITY INTEREST. (a) As security for Lessee's covenants and obligations hereunder, Lessee hereby grants to Lessor, and its heirs, successors, assigns and personal representatives, a security interest in the Property, all accessions thereto and proceeds therefrom, and, in addition to Lessor's rights hereunder, all of the rights and benefits of a secured party under the Uniform Commercial Code as in effect from time to time hereafter in the state in which the Property is located or any other state which may have jurisdiction over the Property. Lessee agrees to execute, acknowledge and deliver to Lessor in recordable form upon request financing statements or any other instruments with respect to the Property or this Agreement considered necessary or desirable by Lessor to perfect and continue the security granted herein in accordance with the laws of the applicable jurisdiction.

(b) In addition to the security interest in the Property provided by Section 20(a), the Lessee agrees to establish a special Interest and Sinking Fund (the "Interest and Sinking Fund") solely for the benefit of the Lessor, and the Interest and Sinking Fund shall be established and maintained by the Lessee at an official depository bank of the Lessee. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Lessee, and shall be used only for paying the interest on and principal due under this Agreement. All ad valorem taxes levied and collected for and on account of this Agreement shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while this Agreement or interest hereon are outstanding and unpaid, the governing body of the Lessee shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on this Agreement (but never less than 2% of the original amount of this Agreement as a sinking fund each year) as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal coming due each year hereunder as such principal becomes due for payment on each installment payment date set forth in Exhibit B hereto; and said tax shall be based on the latest approved tax rolls of the Lessee, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the Lessee for each year while this Agreement or interest hereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Agreement as such interest comes due and such principal matures are hereby pledged for such payment, within the limit prescribed by law. Notwithstanding the foregoing, however, if other lawfully available funds of the Borrower are actually on deposit or budgeted for deposit to the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied pursuant to this Section 20(b) may be reduced to the extent and by the amount of the revenues then on deposit or budgeted to be deposited into the Interest and Sinking Fund.

21. MISCELLANEOUS. (a) Lessee shall, whenever requested, advise Lessor of the exact location and condition of the Property and shall give Lessor immediate notice of any attachment or other judicial process affecting the Property, and indemnify and save Lessor harmless from any loss or damage caused thereby. Lessor may, for the purpose of inspection, at all reasonable times enter upon any job, building or place where the Property and the books and records of the Lessee with respect thereto are located.

(b) Time is of the essence. No covenant or obligations hereunder to be performed by Lessee may be waived except by the written consent of Lessor and a waiver of any such covenant or obligation or any other covenant or obligation as to any other occasion and shall not preclude Lessor from invoking such remedy at any later time prior to the Lessee's cure of the condition giving rise to such remedy. Lessor's rights hereunder are cumulative and not alternative.

(c) This Agreement shall be construed and governed in accordance with the laws of the State in which Lessee is located, in effect from time to time, and shall be performable in Brown County, Texas.

(d) This Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, altered or changed in any respect except by a written document signed by both Lessor and Lessee.

(e) Any term or provision of this Agreement found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, invalidating the remainder of this Agreement.

(f) The Lessor hereunder shall have the right at any time or times, by notice to Lessee, to designate or appoint any person or entity to act as agent or trustee for Lessor for any purposes hereunder.

(g) All transportation charges shall be borne by Lessee. Lessee will immediately notify Lessor of any change occurring in or to the Property, of a change in Lessee's address, or in any fact or circumstance warranted or represented by Lessee to Lessor, or if any Event of Default occurs.

(h) Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever and wherever appropriate.

(i) The captions set forth herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(j) Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, where permitted by this Agreement.

-signatures on the following page-

IN WITNESS WHEREOF, the parties have executed this Agreement as of the _____ day of May, 2021.

LESSOR:

TEXAS BANK, BROWNWOOD

BY: _____

Lessor's Address:

P.O. Box 1429
Brownwood, TX 76804

LESSEE:

BROWN COUNTY, TEXAS

BY: 
DR. PAUL LILLY, Brown County Judge

Lessee's Address:

200 S. Broadway
Brownwood, TX 76801

EXHIBIT A

DESCRIPTION OF PROPERTY

700 MHz Radio System supplied by the Lower Colorado River Authority (LCRA) for use by Brown County for dispatch and first responders, including all replacements, modifications and upgrades acquired during the term of this Lease.

EXHIBIT B

PAYMENT SCHEDULE

See amortization schedule attached. The final payment due under the attached amortization schedule shall be considered the option to purchase amount, and if Lessee makes all payments due under the attached amortization schedule, it shall have completed the option to purchase as described in Paragraph 12 of this Agreement.

AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,074,158.00	05-10-2021	07-01-2026				TPE	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: Brown County

Lender: TexasBank
Main Bank
P.O. Box 1429
Brownwood, TX 76804

Disbursement Date: May 10, 2021
Interest Rate: 1.550

Repayment Schedule: Installment
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	10-01-2021	108,285.36	12,859.78	95,425.58	1,978,732.42
2021 TOTALS:		108,285.36	12,859.78	95,425.58	
2	01-01-2022	108,285.36	7,837.98	100,447.38	1,878,285.04
3	04-01-2022	108,285.36	7,278.35	101,007.01	1,777,278.03
4	07-01-2022	108,285.36	6,963.47	101,321.89	1,675,956.14
5	10-01-2022	108,285.36	6,638.65	101,646.71	1,574,309.43
2022 TOTALS:		433,141.44	28,718.45	404,422.99	
6	01-01-2023	108,285.36	6,236.01	102,049.35	1,472,260.08
7	04-01-2023	108,285.36	5,705.01	102,580.35	1,369,679.73
8	07-01-2023	108,285.36	5,366.48	102,918.88	1,266,760.85
9	10-01-2023	108,285.36	5,017.78	103,267.58	1,163,493.27
2023 TOTALS:		433,141.44	22,325.28	410,816.16	
10	01-01-2024	108,285.36	4,608.73	103,676.63	1,059,816.64
11	04-01-2024	108,285.36	4,152.42	104,132.94	955,683.70
12	07-01-2024	108,285.36	3,744.42	104,540.94	851,142.76
13	10-01-2024	108,285.36	3,371.47	104,913.89	746,228.87
2024 TOTALS:		433,141.44	15,877.04	417,264.40	
14	01-01-2025	108,285.36	2,955.90	105,329.46	640,899.41
15	04-01-2025	108,285.36	2,483.49	105,801.87	535,097.54
16	07-01-2025	108,285.36	2,096.54	106,188.82	428,908.72
17	10-01-2025	108,285.36	1,698.96	106,586.40	322,322.32
2025 TOTALS:		433,141.44	9,234.89	423,906.55	
18	01-01-2026	108,285.36	1,276.75	107,008.61	215,313.71
19	04-01-2026	108,285.36	834.34	107,451.02	107,862.69
20	07-01-2026	108,285.30	422.61	107,862.69	0.00
2026 TOTALS:		324,856.02	2,533.70	322,322.32	
TOTALS:		2,165,707.14	91,549.14	2,074,158.00	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

PROMISSORY NOTE AND SECURITY AGREEMENT

DATE AND PARTIES. The date of this Promissory Note and Security Agreement (Loan Agreement) is May 10, 2021. The parties and their addresses are:

LENDER:

Texas Bank, Brownwood
400 Fisk Ave.
Brownwood, Texas 76801

BORROWER:

Brown County, Texas
200 S. Broadway
Brownwood, Texas 76801

1. DEFINITIONS. As used in this Loan Agreement, the terms have the following meanings:

A. Pronouns. The pronouns "I," "me," and "my" refer to each Borrower signing this Loan Agreement and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this Loan Agreement. "You" and "Your" refer to the Lender, any participants or syndicators, successors and assigns, or any person or company that acquires an interest in the Loan.

B. Loan Agreement. Loan Agreement refers to this combined Note and Security Agreement, and any extensions, renewals, modifications and substitutions of this Loan Agreement.

C. Loan. Loan refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction such as applications, security agreements, disclosures or notes, and this Loan Agreement.

D. Loan Documents. Loan Documents refer to all the documents executed as a part of or in connection with the Loan.

E. Property. Property is any property, real, personal or intangible, that secures my performance of the obligations of this Loan.

F. Percent. Rates and rate change limitations are expressed as annualized percentages.

G. Dollar Amounts. All dollar amounts will be payable in lawful money of the United States of America.

2. PROMISE TO PAY. For value received, I promise to pay you or your order, at your address, or at such other location as you may designate, the principal sum of \$2,074,158.00 (Principal), plus interest from May 10, 2021 on the unpaid Principal balance until this Loan Agreement matures or this obligation is accelerated. The Principal of this loan may be advanced in installments or draws. In the event that less is advanced than stated herein, the obligation to repay this loan shall be limited to the amount advanced plus interest accrued thereon. The initial

advance on this note will be \$1,037,079.00 and all advances must be made under this note by December 31, 2021.

3. INTEREST. Interest will accrue on the unpaid Principal balance of this Loan Agreement at the rate of 1.55 percent per annum.

A. Post-Maturity Interest. After maturity or acceleration, interest will accrue on the unpaid Principal balance of this Loan Agreement at 18.00 percent until paid in full.

B. Maximum Interest Amount. Any amount assessed or collected as interest under the terms of this Loan Agreement will be limited to the maximum lawful amount of interest allowed by applicable law. Amounts collected in excess of the maximum lawful amount will be applied first to the unpaid Principal balance. Any remainder will be refunded to me. The maximum interest rate producing the maximum lawful amount will be the weekly ceiling rate announced by the Credit Commissioner from time to time hereafter.

C. Statutory Authority. The amount assessed or collected on this Loan Agreement is authorized by the Texas usury laws under Tex. Fin. Code, Ch. 303.

D. Accrual. Interest accrues using a 360 days per year counting method.

4. REMEDIAL CHARGES. In addition to interest or other finance charges, I agree that I will pay these additional fees based on my method and pattern of payment. Additional remedial charges may be described elsewhere in this Loan Agreement.

A. Stop Payment Fee. A Stop Payment Fee equal to \$25.00.

B. A returned check fee equal to \$25.00.

5. PAYMENT. I agree to pay this Loan Agreement in 20 payments. A payment of \$108,285.36 will be due October 1, 2021, and on the first day of each 3 month period thereafter, being the first day of January, April, July and October. A final payment of the entire unpaid balance of Principal and interest will be due on July 1, 2026.

Payments will be rounded up to the nearest \$.01. With the final payment I also agree to pay any additional fees or charges owing and the amount of any advances you have made to others on my behalf.

Each payment I make on this Loan Agreement will be applied first to interest that is due, then to late charges that are due, and finally to principal that is due. If you and I agree to a different application of payments, we will describe our agreement on this Loan Agreement. You may change how payments are applied in your sole discretion without notice to me. The actual amount of my initial payment will depend on my payment record.

6. PREPAYMENT. I may prepay this Loan in full or in part at any time. Any partial prepayment will not excuse any later scheduled payments until I pay in full.

7. LOAN PURPOSE. The purpose of this Loan is to purchase collateral.

8. SECURITY. The Loan is secured by Property described in the SECURITY AGREEMENT section of this Loan Agreement.

9. SECURITY AGREEMENT.

A. Secured Debts. This Security Agreement will secure the following debts (Secured Debts), together with all extensions, renewals, refinancing, modifications and replacements of these debts:

Sums Advanced under the terms of this Loan Agreement. All sums advanced and expenses incurred by you under the terms of this Loan Agreement.

B. Limitations on Cross-collateralization. The cross-collateralization clause on any existing or future loan, but not including this Loan, is void and ineffective as to this Loan, including any extension or refinancing.

The Loan is not secured by a previously executed security instrument if a non-possessory, non-purchase money security interest is created in "household goods" in connection with a "consumer loan," as those terms are defined by federal law governing unfair and deceptive credit practices. The Loan is not secured by a previously executed security instrument if you fail to fulfill any necessary requirements or fail to conform to any limitations of the Real Estate Settlement Procedures Act, (Regulation X), that are required for loans secured by the Property or if, as a result, the other debt would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007.

The Loan is not secured by a previously executed security instrument if you fail to fulfill any necessary requirements or fail to conform to any limitations of the Truth in Lending Act, (Regulation Z), that are required for loans secured by the Property.

C. Security Interest. To secure the payment and performance of the Secured Debts, I grant you a security interest in all of the Property described in this Security Agreement that I own or have sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products from the Property (including, but not limited to, all parts, accessories, repairs, replacements, improvements, and accessions to the Property). Property is all the collateral given as security for the Secured Debts and described in this Security Agreement, and includes all obligations that support the payment or performance of the Property. "Proceeds" includes cash proceeds, non-cash proceeds and anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property.

This Security Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and you are no longer obligated to advance funds to me under any loan or credit agreement.

D. Property Description. The Property subject to this Security Agreement is described as follows:

700 MHz Radio System from Lower Colorado River Authority, together with all replacements, modifications and upgrades acquired by Borrower.

E. Duties Toward Property.

(1) Protection of Secured Party's Interest. I will defend the Property against any other claim. I agree to do whatever you require to protect your security interest and to keep your claim in the Property ahead of the claims of other creditors. I will not do anything to harm your position.

I will keep books, records and accounts about the Property and my business in general. I will let you examine these and make copies at any reasonable time. I will prepare any report or accounting you request which deals with the Property.

(2) Use, Location, and Protection of the Property. I will keep the Property in my possession and in good repair. I will use it only for commercial purposes. I will not change this specified use without your prior written consent. You have the right of reasonable access to inspect the Property and I will immediately inform you of any loss or damage to the Property. I will not cause or permit waste to the Property.

I will keep the Property at my address listed in the DATE AND PARTIES section unless we agree I may keep it at another location. If the Property is to be used in other states, I will give you a list of those states. The location of the Property is given to aid in the identification of the Property. It does not in any way limit the scope of the security interest granted to you. I will notify you in writing and obtain your prior written consent to any change in location of any of the Property. I will not use the Property in violation of any law. I will notify you in writing prior to any change in my name or address.

Until the Secured Debts are fully paid and this Security Agreement is terminated, I will not grant a security interest in any of the Property without your prior written consent. I will pay all taxes and assessments levied or assessed against me or the Property and provide timely proof of payment of these taxes and assessments upon request.

(3) Selling, Leasing or Encumbering the Property. I will not sell, offer to sell, lease, or otherwise transfer or encumber the Property without your prior written permission. Any disposition of the Property contrary to this Security Agreement will violate your rights. Your permission to sell the Property may be reasonably withheld without regard to the creditworthiness of any buyer or transferee. I will not permit the Property to be the subject of any court order affecting my rights to the Property in any action by anyone other than you. If the Property includes chattel paper or instruments, either as original collateral or as proceeds of the Property, I will note your security interest on the face of the chattel paper or instruments.

F. Collection Rights Of The Secured Party. Account Debtor means the person who is obligated on an account, chattel paper, or general intangible. I authorize you to notify my Account Debtors of your security interest and to deal with the Account Debtors' obligations at your discretion. You may enforce the obligations of an Account Debtor, exercising any of my rights with respect to the Account Debtors' obligations to make payment or otherwise render performance to me, including the enforcement of any security interest that secures such obligations. You may apply proceeds received from the Account Debtors to the Secured Debts or you may release such proceeds to me.

I specifically and irrevocably authorize you to exercise any of the following powers at my expense, without limitation, until the Secured Debts are paid in full:

(1) demand payment and enforce collection from any Account Debtor or Obligor by suit or otherwise.

(2) enforce any security interest, lien or encumbrance given to secure the payment or performance of any Account Debtor or any obligation constituting Property.

(3) file proofs of claim or similar documents in the event of bankruptcy, insolvency or death of any person obligated as an Account Debtor .

(4) compromise, release, extend, or exchange any indebtedness of an Account Debtor.

(5) take control of any proceeds of the Account Debtors' obligations and any returned or repossessed goods.

(6) endorse all payments by any Account Debtor which may come into your possession as payable to me.

(7) deal in all respects as the holder and owner of the Account Debtors' obligations .

G. Authority To Perform. I authorize you to do anything you deem reasonably necessary to protect the Property, and perfect and continue your security interest in the Property. If I fail to perform any of my duties under this Loan Agreement or any other security interest, you are authorized, without notice to me, to perform the duties or cause them to be performed. These authorizations include, but are not limited to, permission to:

(1) pay and discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Property.

(2) pay any rents or other charges under any lease affecting the Property.

(3) order and pay for the repair, maintenance and preservation of the Property.

(4) file any financing statements on my behalf and pay for filing and recording fees pertaining to the Property.

(5) place a note on any chattel paper indicating your interest in the Property.

(6) take any action you feel necessary to realize on the Property, including performing any part of a contract or endorsing it in my name.

(7) handle any suits or other proceedings involving the Property in my name.

(8) prepare, file, and sign my name to any necessary reports or accountings .

(9) make an entry on my books and records showing the existence of this Agreement.

(10) notify any Account Debtor or Obligor of your interest in the Property and tell the Account Debtor or Obligor to make payments to you or someone else you name.

If you perform for me, you will use reasonable care. If you exercise the care and follow the procedures that you generally apply to the collection of obligations owed to you, you will be deemed to be using reasonable care. Reasonable care will not include: any steps necessary to preserve rights against prior parties; the duty to send notices, perform services or take any other action in connection with the management of the Property; or the duty to protect, preserve or maintain any security interest given to others by me or other parties. Your authorization to perform for me will not create an obligation to perform and your failure to perform will not preclude you from exercising any other rights under the law or this Loan Agreement. All cash and non-cash proceeds of the Property may be applied by you only upon your actual receipt of cash

proceeds against such of the Secured Debts, matured or unmatured, as you determine in your sole discretion.

If you come into actual or constructive possession of the Property, you will preserve and protect the Property. For purposes of this paragraph, you will be in actual possession of the Property only when you have physical, immediate and exclusive control over the Property and you have affirmatively accepted that control. You will be in constructive possession of the Property only when you have both the power and the intent to exercise control over the Property.

H. Name and Location. My name indicated in the DATE AND PARTIES section is my exact legal name. I am an entity organized and registered under the laws of Texas. I will provide verification of registration and location upon your request. I will provide you with at least 30 days notice prior to any change in my name, address, or state of organization or registration.

I. Perfection of Security Interest. I authorize you to file a financing statement and/or security agreement, as appropriate, covering the Property. I will comply with, facilitate, and otherwise assist you in connection with obtaining perfection or control over the Property for purposes of perfecting your security interest under the Uniform Commercial Code. I agree to pay all actual costs of terminating your security interest.

10. DEFAULT. I understand that you may demand payment anytime at your discretion. For example, you may demand payment in full if any of the following events (known separately and collectively as an Event of Default) occur:

A. Payments. I fail to make a payment in full when due.

B. Insolvency or Bankruptcy. The death, dissolution or insolvency of, appointment of a receiver by or on behalf of, application of any debtor relief law, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against me or any co-signer, endorser, surety or guarantor of this Loan Agreement or any other obligations I have with you.

C. Failure to Perform. I fail to perform any condition or to keep any promise or covenant of this Loan Agreement.

D. Other Documents. A default occurs under the terms of any other Loan Document.

E. Other Agreements. I am in default on any other debt or agreement I have with you.

F. Misrepresentation. I make any verbal or written statement or provide any financial information that is untrue, inaccurate, or conceals a material fact at the time it is made or provided.

G. Judgment. I fail to satisfy or appeal any judgment against me.

H. Forfeiture. The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.

I. Name Change. I change my name or assume an additional name without notifying you before making such a change.

J. Property Transfer. I transfer all or a substantial part of my money or property.

K. Property Value. You determine in good faith that the value of the Property has declined or is impaired.

L. Insecurity. You determine in good faith that a material adverse change has occurred in my financial condition from the conditions set forth in my most recent financial statement before the date of this Loan Agreement or that the prospect for payment or performance of the Loan is impaired for any reason.

11. DUE ON SALE OR ENCUMBRANCE. You may, at your option, declare the entire balance of this Loan Agreement to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of all or any part of the Property. This right is subject to the restrictions imposed by federal law, as applicable.

12. WAIVERS AND CONSENT. To the extent not prohibited by law, I waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor.

A. Additional Waivers By Borrower. In addition, I, and any party to this Loan Agreement, to the extent permitted by law, consent to certain actions you may take, and generally waive defenses that may be available based on these actions or based on the status of a party to this Loan Agreement.

(1) You may renew or extend payments on this Loan Agreement, regardless of the number of such renewals or extensions.

(2) You may release any Borrower, endorser, guarantor, surety, accommodation maker or any other co-signer.

(3) You may release, substitute or impair any Property securing this Loan Agreement.

(4) You, or any institution participating in this Loan Agreement, may invoke your right of set-off.

(5) You may enter into any sales, repurchases or participations of this Loan Agreement to any person in any amounts and I waive notice of such sales, repurchases or participations.

(6) I agree that any of us signing this Loan Agreement as a Borrower is authorized to modify the terms of this Loan Agreement or any instrument securing, guarantying or relating to this Loan Agreement.

B. No Waiver By Lender. Your course of dealing, or your forbearance from, or delay in, the exercise of any of your rights, remedies, privileges or right to insist upon my strict performance of any provisions contained in this Loan Agreement, shall not be construed as a waiver by you, unless any such waiver is in writing and is signed by you.

C. Waiver of Claims. I waive all claims for loss or damage caused by your acts or omissions where you acted reasonably and in good faith.

13. REMEDIES. After I default, you may at your option do any one or more of the following.

A. Acceleration. You may make all or any part of the amount owing by the terms of this Loan Agreement immediately due.

B. Sources. You may use any and all remedies you have under state or federal law or in any Loan Document.

C. Insurance Benefits. You may make a claim for any and all insurance benefits or refunds that may be available on my default.

D. Payments Made On My Behalf. Amounts advanced on my behalf will be immediately due and may be added to the balance owing under the terms of this Loan Agreement, and accrue interest at the highest post-maturity interest rate.

E. Set-Off. You may use the right of set-off. This means you may set-off any amount due and payable under the terms of this Loan Agreement against any right I have to receive money from you.

My right to receive money from you includes any deposit or share account balance I have with you; any money owed to me on an item presented to you or in your possession for collection or exchange; and any repurchase agreement or other non-deposit obligation. "Any amount due and payable under the terms of this Loan Agreement" means the total amount to which you are entitled to demand payment under the terms of this Loan Agreement at the time you set-off.

Subject to any other written contract, if my right to receive money from you is also owned by someone who has not agreed to pay this Loan Agreement, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement.

Your right of set-off does not apply to an account or other obligation where my rights arise only in a representative capacity. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set-off against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right of set-off.

F. Assembly of Property. You may require me to gather the Property and make it available to you in a reasonable fashion.

G. Repossession. You may repossess the Property so long as the repossession does not involve a breach of the peace. You may sell, lease or otherwise dispose of the Property as provided by law. You may apply what you receive from the disposition of the Property to your expenses, your attorneys' fees and legal expenses (where not prohibited by law), and any debt I owe you. If what you receive from the disposition of the Property does not satisfy the debt, I will be liable for the deficiency (where permitted by law). In some cases, you may keep the Property to satisfy the debt.

Where a notice is required, I agree that ten days prior written notice sent by first class mail to my address listed in this Loan Agreement will be reasonable notice to me under the Texas Uniform Commercial Code. If the Property is perishable or threatens to decline speedily in value, you may, without notice to me, dispose of any or all of the Property in a commercially reasonable manner at my expense following any commercially reasonable preparation or processing (where permitted by law).

If any items not otherwise subject to this Loan Agreement are contained in the Property when you take possession, you may hold these items for me at my risk and you will not be liable for taking possession of them (where permitted by law).

H. Use and Operation. You may enter upon my premises and take possession of all or any part of my property for the purpose of preserving the Property or its value, so long as you do not breach the peace. You may use and operate my property for the length of time you feel is necessary to protect your interest, all without payment or compensation to me.

I. Waiver. Except as otherwise required by law, by choosing any one or more of these remedies you do not give up your right to use any other remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

14. COLLECTION EXPENSES AND ATTORNEYS' FEES. On or after the occurrence of an Event of Default, to the extent permitted by law, I agree to pay all expenses of collection, enforcement or protection of your rights and remedies under this Loan Agreement or any other Loan Document. Expenses include, but are not limited to, reasonable attorneys' fees, court costs, and other legal expenses. These expenses are due and payable immediately. If not paid immediately, these expenses will bear interest from the date of payment until paid in full at the highest interest rate in effect as provided for in the terms of this Loan Agreement. All fees and expenses will be secured by the Property I have granted to you, if any. In addition, to the extent permitted by the United States Bankruptcy Code, I agree to pay the reasonable attorneys' fees incurred by you to protect your rights and interests in connection with any bankruptcy proceedings initiated by or against me.

15. COMMISSIONS. I understand and agree that you (or your affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that I buy through you or your affiliate.

16. WARRANTIES AND REPRESENTATIONS. I have the right and authority to enter into this Loan Agreement. The execution and delivery of this Loan Agreement will not violate any agreement governing me or to which I am a party.

A. Ownership of Property. I represent that I own all of the Property. Your claim to the Property is ahead of the claims of any other creditor, except as disclosed in writing to you prior to any advance on the Secured Debts. I represent that I am the original owner of the Property and, if I am not, that I have provided you with a list of prior owners of the Property.

17. APPLICABLE LAW. This Loan Agreement is governed by the laws of Texas, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law. In the event of a dispute, the exclusive forum, venue and place of jurisdiction will be in Texas, unless otherwise required by law.

18. JOINT AND SEVERAL LIABILITY AND SUCCESSORS. My obligation to pay the Loan is independent of the obligation of any other person who has also agreed to pay it. You may sue me alone, or anyone else who is obligated on the Loan, or any number of us together, to collect the Loan. Extending the Loan or new obligations under the Loan, will not

affect my duty under the Loan and I will still be obligated to pay the Loan. This Loan Agreement shall inure to the benefit of and be enforceable by you and your successors and assigns and shall be binding upon and enforceable against me and my successors and assigns.

19. AMENDMENT, INTEGRATION AND SEVERABILITY. This Loan Agreement may not be amended or modified by oral agreement. No amendment or modification of this Loan Agreement is effective unless made in writing. This Loan Agreement and the other Loan Documents are the complete and final expression of the agreement. If any provision of this Loan Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable. No present or future agreement securing any other debt I owe you will secure the payment of this Loan if, with respect to this loan, you fail to fulfill any necessary requirements or fail to conform to any limitations of the Truth in Lending Act (Regulation Z) or the Real Estate Settlement Procedures Act (Regulation X) that are required for loans secured by the Property or if, as a result, this Loan would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007.

20. INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Loan Agreement.

21. NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one Borrower will be deemed to be notice to all Borrowers. I will inform you in writing of any change in my name, address or other application information. I will provide you any correct and complete financial statements or other information you request. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Loan and to confirm your lien status on any Property. Time is of the essence.

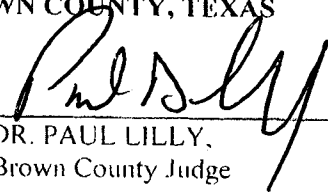
22. CREDIT INFORMATION. I agree to supply you with whatever information you reasonably request. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

23. ERRORS AND OMISSIONS. I agree, if requested by you, to fully cooperate in the correction, if necessary, in the reasonable discretion of you of any and all loan closing documents so that all documents accurately describe the loan between you and me. I agree to assume all costs including by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to reasonably comply with your requests within thirty (30) days.

24. WAIVER OF JURY TRIAL. All of the parties to this Loan Agreement knowingly and intentionally, irrevocably and unconditionally, waive any and all right to a trial by jury in any litigation arising out of or concerning this Loan Agreement or any other Loan Document or related obligation. All of these parties acknowledge that this section has either been brought to the attention of each party's legal counsel or that each party had the opportunity to do so.

25. SIGNATURES. By signing, I agree to the terms contained in this Loan Agreement. I also acknowledge receipt of a copy of this Loan Agreement.

BROWN COUNTY, TEXAS

BY: 
DR. PAUL LILLY,
Brown County Judge